BANK OF CANADA

ANNUAL REPORT TO MINISTER OF FINANCE

AND STATEMENT OF ACCOUNTS

FOR THE YEAR **1950**

BANK OF CANADA

Ottawa, February 10th, 1951.

THE HON. D. C. ABBOTT, K.C.,
Minister of Finance,
Ottawa, Ontario.

Dear Sir,

In accordance with the provisions of the Bank of Canada Act Amendment Act, I am enclosing herewith in duplicate a statement of the Bank's accounts for the fiscal year 1950, signed by the Governor and the Chief Accountant, and certified by the Auditors, in the form prescribed by the by-laws of the Bank.

Before proceeding with the report which accompanies this statement, I wish on behalf of the Board of Directors to record their deep regret upon the death of their colleague, Mr. E. J. Tarr. During his lifetime, Mr. Tarr rendered many services to Canada. The Bank must count itself fortunate that one of these services took the form of his association with us for a period of over nine years. The loss of his wise advice and assistance will be deeply felt.

During 1950 various external developments had important effects on the Canadian economic and financial situation. Therefore, to provide a clearer picture of the background against which the Bank's operations took place, I am altering the usual arrangement of sections in this report. The major changes which took place in our accounts during the course of the year are referred to on pages 15 and 16 and the effects of these changes on the cash reserves of the chartered banks are shown on page 9.

EXTERNAL CONDITIONS • During the period 1947-9 the contribution of external influences towards rising price levels in Canada and undue pressure of demand on our resources, had been lessening. Largely as a result of this trend the Canadian economic situation had been in reasonable overall balance in 1949 and there was no appreciable movement in average price levels in that year. In view of this and the wide-spread devaluation of foreign currencies in

September 1949, in relation to the United States and Canadian dollars, some deflationary results so far as North America was concerned might have become apparent in 1950. However, to a considerable extent owing to increased international tension, inflationary forces again made their appearance during 1950. Events of this kind tend to be communicated to Canada most importantly through developments in the United States. A brief survey of trends in that economy indicates the magnitude of the changes taking place.

In the first half of 1950 United States business activity continued to recover from the 1949 recession which had ended in the third quarter of that year. By the time hostilities began in Korea the level of industrial production was back to the pre-recession peak of October-November, 1948. The main support for this period of recovery appeared to come from an increased rate of new capital investment—notably housing—and an increase in inventories.

Following the outbreak of Korean hostilities there was an accelerated rate of increase in economic activity. Undoubtedly, the most important factor in this situation was the greatly stepped-up defence programme. However, so far as the calendar year 1950 was concerned, it was the anticipated effects of defence spending rather than the actual increase in Government expenditures, which played the more important role. The major pressure on United States resources in 1950, therefore, seems to have come from the increased tempo of consumer buying and private capital investment (including inventories). The high level of consumer demand and the anticipated impact of the defence programme both appear to have been important factors in the sharp rise of capital investment expenditures. In response to all the demands upon it the level of industrial output continued to gain sharply in the second half of 1950 and in the final quarter showed an increase of 25 percent over the fourth quarter of 1949 and 11 percent above the pre-recession peak in October-November, 1948.

The increasing pace of economic activity and the desire around the world to accumulate materials expected to be in short supply, put severe pressure on the price level. Primary goods' prices in general showed the sharpest increases. Indexes of prices and average earnings are shown in the following table.

United States Price and Earnings Indexes①

(1949 Average = 100)

	Dec. 1949	Average 1950	Dec. 1950
Wholesale Price Index			
All Items	98	104	113
Farm Products	94	103	113
Other than Farm Products and Foods	99	104	113
Consumers' Price Index			
All Items	99	101	105
Foods	98	101	107
Average Earnings in Manufacturing			
Hourly	100	104	110
Weekly	102	108	117

As the result of sharply rising import prices and the increased volume of imports due to increasing business activity and rising inventories, the value of goods imported into the United States rose to a new high and in certain months of 1950 there was a virtual balance of imports and exports. With the exception of the period 1935-7 United States exports have exceeded imports in every year since 1893.

DOMESTIC ECONOMIC CONDITIONS • Probably the most striking indication of the importance of developments in the United States and elsewhere to the economic situation in Canada during the course of 1950, is that the average price of our exports and imports in terms of Canadian dollars rose 10 percent and 7 percent respectively over the year although the premium on the United States dollar declined over this period from 10 percent to 6 percent.

The rise in general wholesale and retail price levels during 1950 largely reflected the increase in export and import prices. Changes in the principal Canadian price and earnings indexes are given in the table on page 6.

Chiefly in response to the broadening of the United States market the physical volume of our total exports increased about

①Official U.S. Bureau of Labour Statistics figures converted to the base 1949 Average = 100.

one half of 1 percent in 1950, reversing the downward trend evident in 1949 when export volume declined 5 percent; but for the late grain crop and difficulties in transport the rise in our exports would have undoubtedly been somewhat greater in 1950.

Canadian Price and Earnings Indexes②

(1949 Average = 100)

	Dec. 1949	Average 1950	Dec. 1950
Wholesale Price Index			
All Items	100	106	112
Food Products	98	103	108
Raw Materials	100	106	111
Manufactures	100	105	111
Cost of Living Index			
All Items	100	104	106
Food	99	104	108
Average Earnings in Manufacturing③			
Hourly	101	105	109
Weekly	103	105	111

Total new capital investment rose about 1 percent in physical volume in 1950. Although higher than intentions earlier in the year, estimates of private investment (other than inventory) show a decline of about 1 percent. Public investment however increased and was a considerable factor in the rise of total Government expenditure in 1950.

The rise in consumer spending was not as marked a factor in Canada as in the United States. In terms of physical volume the increase appears to have been about 3 percent or about the same increase that occurred during 1949.

The volume of industrial output rose about 8 percent in 1950. Mainly because of larger grain crops the volume of agricultural production increased about 12 percent (after allowing for the lower quality of the 1950 wheat crop). Including services, total volume of production is believed to have risen about 4 percent in 1950. The rise of some 8 percent in the physical volume

②Official Dominion Bureau of Statistics figures converted to the base 1949 Average = 100.

③Covers hourly rated wage-earners in manufacturing establishments with 15 or more employees.

of our total imports during 1950 provided a further increase in the supply of goods and services.

Changes in the value, volume and price of expenditures on Canadian goods and services are shown in the following table. Estimates of price and volume factors should be regarded as approximate only.

Canada: Estimated Expenditure on Goods and Services④

	Billions of Dollars		*Per Cent Increase 1949 to 1950*	
	1949	**1950**	**Physical Volume**	**Average Price Factor**
Exports of Goods . . .	$ 3.1	$ 3.3	½%	6%
Investment in Inventories . .	.1	.8		
Other Gross Private Capital Investment	3.0	3.1	-1	7
Combined Federal, Provincial and Municipal Purchases of Goods and Services . . .	2.1	2.3	5	5
Personal Consumption Expenditures	11.1	11.8	3	4
Sub-Total	19.4	21.3		
Imports of Goods⑤ . . .	-2.7	-3.1	8	7
Net International Balance on Invisible Items . . .	-.3	-.5		
Gross National Expenditure (Gross National Product)	$16.4	$17.7		

The increase in the total value of our imports in 1950 exceeded the rise in our exports and merchandise trade (but not the total current account position) was about in balance as against an export surplus of $262 millions in 1949. The increase in our imports in 1950 was most pronounced in the case of imports from countries other than the United States. No doubt this reflected both the increasing level of production in those countries and the re-alignment of currencies following the devaluations of September, 1949. As a result of developments during 1950 our trade with each of the groups of countries shown in the following table, was more nearly in balance than had been the case for many years.

④Based on National Accounts: Income and Expenditure; Preliminary 1950, published by the Dominion Bureau of Statistics. Minor adjustments have been made in the process of rounding off the figures.

⑤The imported goods content of the expenditure components shown in the first part of the table must be deducted in order to arrive at a figure of expenditure on Canadian resources.

Canadian Merchandise Trade⑥

(Calendar Years, in Millions of Dollars)

	United States		U.K. & £ Area		Other Countries		Total	
	1949	1950	1949	1950	1949	1950	1949	1950
Exports to⑦	1,529	2,050	1,008	676	485	430	3,022	3,156
Imports from	1,952	2,131p	493	646p	315	396p	2,760	3,173p
Balance with	*-423*	-81p	515	30p	170	34p	262	-17p

MONETARY CONDITIONS • In addition to the other pressures on our economy in 1950 there were also the problems created by the increase of $625 millions (in U.S. dollars) in Canada's reserves of gold and United States dollars during the year. This increase was due to an import of capital rather than any surplus in our current account balance of payments and finally led to the Government's decision to suspend the policy of a fixed rate of exchange as of October 1st. The rise in foreign exchange reserves required the provision of Canadian dollar financing on the same scale. To the extent that Government had an overall cash surplus of receipts over disbursements this Canadian dollar financing could take place without an increase in the total liquid assets (currency, bank deposits and Government securities) held by the general public. As the following table shows, Government had such an overall surplus in the calendar year amounting to $447 millions, part of which was used to effect a net retirement of domestic debt in the first half of the year and part to provide for increased advances to Foreign Exchange Control Board.

Government of Canada Receipts and *Payments*

(Calendar Year, in Millions of Dollars)

Budgetary Items	1948	1949	1950
Ordinary Revenue	2,585	2,574	2,718
Special Revenue	183	77	73
Budgetary Expenditure	*2,128*	*2,367*	*2,539*
Budgetary Surplus	640	284	252
Non-Budgetary Items			
Post-War Loans to Foreign Governments (net)	*126*	*107*	*28*
Other Items (net)	211	236	223
Overall Surplus Available for Domestic Debt Retirement (net) and Accumulation of Foreign Exchange	725	413	447
(Loans to Foreign Exchange Control Board)	*(520)*	*(125)*	*(515)*

⑥Includes trade with Newfoundland in the first three months of 1949.
⑦Includes re-exports. p = Preliminary.

Other means of providing necessary Canadian dollar financing such as the use of existing Government cash balances, issue of securities to banks or the public, or the acquisition of foreign exchange by the Bank of Canada, all involved an increase in the aggregate liquid assets held by the general public (including non-residents as well as residents).

Until the end of July the Government's overall cash resources were sufficient to finance the increase in foreign exchange reserves without recourse to borrowing. In August and September, however, substantial special financing arrangements were necessary. Part of the funds required were obtained by the sale of $200 millions Deposit Certificates to the chartered banks on August 30th and Bank of Canada acquired net foreign exchange assets in August, September and October, reaching a peak of $393 millions on its statement for October 18th.

Of itself this purchase of foreign exchange by the Bank would not only have added to the aggregate liquid assets held by the general public but also would have correspondingly increased the cash reserves of the chartered banks. However, the Bank reduced its holdings of Government securities between the end of July and October 18th by $337 millions. Subsequent to October 18th our net foreign exchange assets were reduced by $167 millions

Effect on Chartered Bank Cash Reserves of Changes in Bank of Canada Accounts

(Millions of Dollars)

Changes during Calendar Year 1950	Changes Producing a Decrease in Cash Reserves	Changes Producing an Increase in Cash Reserves
Decrease in holdings of Gov't. of Canada and Prov. Gov't. Securities	*67.4*	
Increase in Notes Held by the Public	*40.5*	
Decrease in Gov't. of Canada Deposits		6.7
Increase in Other Deposits	*80.1*	
Increase in Liabilities payable in Sterling, U.S.A. and Other Foreign Currencies	*53.9*	
Increase in Holdings of Foreign Exchange and Investments		279.9
Increase in Other Assets less Other Liabilities		11.7
	241.9	298.3
Deduct		*241.9*
Increase in Chartered Bank Cash Reserves		56.4

and we increased our Government securities by $209 millions. The net result of all our operations during the year was that chartered bank cash reserves actually increased by $56 millions in 1950 as shown in the table on page 9.

In addition to the increase in their total assets and liabilities through the purchase of Deposit Certificates, chartered banks total Canadian loans rose by $507 millions during 1950. Since the increase of $56 millions in bank cash reserves over the year was not large enough to maintain their customary cash ratio in the face of such a large rate of increase in deposit liabilities, chartered banks found it necessary to be net sellers of Government bonds during 1950, when a total decline of $333 millions in their holdings of Government securities other than Deposit Certificates took place. However, these sales were not sufficient to maintain the banks' average cash ratio which declined from a figure of 10.3 percent on December 31st, 1949, to 10.1 percent on December 30th, 1950. On the basis of daily figures the average cash ratio was 10.1 percent in 1950 and 10.4 percent in 1949.

The chartered banks' total Canadian loans increased $507 millions in 1950 as compared with an increase of $155 millions during 1949. The increase during 1950 was heavily concentrated in the final quarter of the year. Even after excluding grain loans, in which the seasonal increase came somewhat later than usual, it is estimated that an increase of $270 millions took place in loans during the fourth quarter of 1950 as against an increase of only $17 millions in the same period of 1949. For the calendar year we estimate that the major changes in important loan categories were as follows in 1949 and 1950:

Estimated Changes in Certain Loan Categories

(Millions of Dollars)

	1949⑧	1950
Industrial	—22	+127
Wholesale & Retail Merchants	+ 4	+ 56
Personal & Instalment Finance	+35	+ 87
On Securities	+70	+ 85
Farmers	+22	+ 68
All other	+46	+ 84
Total	+155	+507

⑧Of the total increase in loans in 1949 it is estimated that the effect of including Newfoundland branches was $26 millions.

As already indicated there were two major factors increasing the amount of liquid assets held by the general public. One was the financing of the increase in foreign exchange reserves not provided out of Government's overall cash surplus. The other was the rise in chartered bank loans. The total increase in liquid asset holdings in 1950 was $698 millions of which $539 millions was in currency and bank deposits and $159 millions in Government securities. The Bank estimates that about $392 millions of the increase in total liquid assets was held by residents of Canada and about $306 millions by non-residents.

It is worth noting that the increase in personal notice deposits which are included in the foregoing figures, was only $90 millions in 1950 as compared with $287 millions in 1949. Taken in conjunction with other evidence such as the increase in consumer credit, this suggests that there was some decline in the rate of net personal saving in the form of liquid assets during 1950 as compared with 1949. This trend appears to have been reflected in the non-payroll sales of the fifth series of Canada Savings Bonds which at December 31st, 1950, totalled $116 millions, a decline of 23 percent in comparison with the fourth series results for the same period of 1949. However, sales under the Payroll Savings Plan were $156 millions, an increase of 11 percent over the corresponding figure in 1949 and a new record; this splendid result reflected the wholehearted co-operation provided by employers across Canada as well as the experienced effort contributed by the payroll savings organization supplied by investment dealers.

SECURITY MARKETS • Although Government did not raise any new money by way of the issue of marketable bonds during 1950, there was a substantial increase in the supply of such bonds for general public investors. This increase came from the reduction in holdings of the banking system. Within the general public investor category the major source of demand appeared to come from non-resident investors while life insurance companies' holdings declined by $190 millions—probably for the most part to obtain funds for investment in residential mortgages.

Until November, demand for and supply of long term Government bonds were in fairly close balance and yields did not vary much one side or the other of the 2¾ percent level. In the case of shorter term issues supply tended to be in excess of demand and yields rose quite appreciably during the year. For example,

theoretical yields on certain maturities showed the following increases.

Maturity	Yield at Dec. 31, 1949	Yield at Dec. 30, 1950	Increase
One Year	1.69%	2.17%	.48%
Two Years	1.72%	2.24%	.52%
Five Years	2.18%	2.60%	.42%

As a result of the rising trend in shorter term yields and relatively unchanged yields on long term issues the spread in yield between short and long issues became considerably narrower. In the month of November the long term bond market turned soft and yields of both short and long term issues rose during the balance of the year. In the case of long term maturities the increase was from about the 2¾ percent level to very slightly over 3 percent at the end of December.

There was an active new issue market in the securities of provinces, municipalities and corporations during 1950. In general these offerings were well absorbed by the market with yields remaining relatively unchanged until near the end of the year when they showed some rising tendency. Late in the year there also appeared to be some postponement of borrowing plans due to market uncertainties. In the case of provincial governments a large part of the new financing took place in the first quarter of the year; for the year as a whole there was a net issue of $153 millions as against $323 millions in 1949. There was a large volume of municipal offerings in 1950 when we estimate there was a net increase in outstanding municipal issues amounting to $129 millions and at times the market showed some evidence of congestion in certain issues. There was a very active new issue market for both corporate bonds and stocks during the year. Total net issue of corporate bonds is estimated at $329 millions as against $173 millions in 1949 and of stock issues at $154 millions as compared with $56 millions in 1949.

BANK RATE • Effective October 17th Bank Rate was increased from 1½ percent to 2 percent per annum. The 1½ percent rate had been in effect from February 8th, 1944, prior to which date the rate had been 2½ percent. The Bank issued a press release on October 16th containing the following statement:

"At the time the reduction in Bank Rate took place in 1944, the Bank expressed the view that it did not then see any prospect of an economic situation in the post-war period of a character which would call for a policy of raising interest rates. The change to a 2 percent Bank Rate is an indication that the earlier view no longer holds good under today's conditions when Canada faces the prospect of substantially increased defence expenditures adding to the pressure on the country's resources at a time of virtually full employment".

ECONOMIC IMPLICATIONS OF DEFENCE EXPENDITURE • Since it became clear that a very large increase in Canada's defence programme was bound to take place, there has been a good deal of discussion in Canada on ways and means of accomplishing this and at the same time minimizing or preventing inflation and a consequent rise in the cost of living. Interest in this subject has no doubt been greatly increased by the experience of the last ten years which has provided a vivid reminder of the dangers of inflation and the discussion has brought forth a wide variety of suggestions for a solution to the problem.

Some have stressed the desirability of increasing total production hoping by this means to provide for defence without curtailment of civilian needs. Some point out the need for a level of taxation which will keep the Government on a pay-as-you-go basis or perhaps in the early stages something more than that. Others emphasize the need for maximum possible reduction in the less urgent expenditures—particularly non-essential capital expenditures—of public authorities and business. The desirability of increased personal saving as a means of combatting inflation, is frequently stressed. All these ways of reducing inflationary pressures have merit and all are certainly needed in the fight against inflation. Finally, general price controls are often advocated as a means of keeping down prices; in some cases this suggestion has been linked with wage controls—but not in others.

The rapid increase in defence activity is taking place at a time when the aggregate demands on our resources have already produced virtually full employment. In 1950 the physical increase in our total output of goods and services was about 4 percent; on a per capita basis this represented a rise of about 2 percent. By drawing into employment a higher proportion of older people,

married women and marginal workers, we might hope to maintain or even improve on the rate of increase in production which has been taking place. A favourable factor in this connection is the heavy capital investment expenditure of recent years which has broadened the basis for productive employment.

We should certainly try to expand total production as much as possible and by every conceivable means. But even if the expansion in output were sufficient to match the increase in defence requirements, the inflationary problem would by no means be fully solved because there would be rising incomes not matched by a correspondingly increased flow of consumer goods and services on which to spend them.

In any case, in view of the rate of growth in defence requirements, it seems more likely that this demand on our resources will exceed the increase in the available supply of goods and services for the foreseeable future. If this takes place, the amount available for civilian purposes inevitably will be reduced. This is one feature of the subject which perhaps has not received sufficient emphasis. No one advocates or desires such a development—quite the contrary—but if it occurs nothing can prevent a decline taking place either in the average civilian standard of living or in the level of capital investment—or in both. On first thought the more attractive policy might seem to be to let capital investment bear the brunt of curtailment and reduce the level of civilian consumption as little as possible. On the other hand, one of the most promising ways of achieving the maximum possible output of goods and services over a period of years, would be to maintain the level of the more productive types of capital investment. In the long run, the latter policy would involve less sacrifice of civilian standards of living. Under existing conditions it seems rather unlikely that the rate of expenditure on the most essential forms of capital investment can be maintained unless there is some postponement of other forms of investment—even some which under more normal conditions would have been regarded as necessary and desirable.

In order to have an adjustment to a defence economy which will leave as much freedom as possible within the price and income structure but which will prevent any general upward spiral of prices and costs, it is necessary for current demand—other than for defence purposes—to be kept in approximate balance with the

current output available to meet it. Fiscal and monetary measures plus increased savings, on a sufficient scale to bring total demand and supply into approximate balance are essential pre-requisites for stability, but they may not be enough in themselves to maintain reasonable stability under all conditions. If defence expenditure became so great that it was humanly impossible to finance it on a pay-as-you-go basis, or if at an earlier stage financial measures designed to produce a fair allocation of the burden did not command public understanding and support, it might become necessary to make increasingly general use of direct controls in order to back up fiscal and monetary measures, despite the dangers to economic efficiency and personal freedom inherent in such controls.

In seeking the solution to our problem the goal should be to minimize any unfairness which might arise. If a competitive race to avoid any encroachment on customary living standards were allowed to develop, the winners would be those groups in the community who were in the position to command more than average increases in the prices for their goods and services and their winnings of necessity would have to be subtracted from the standard of living of the remaining and weaker elements. It is obvious that avoiding such a situation must be a major concern of the Government and the public.

CHANGES IN BANK OF CANADA ACCOUNTS • I turn now to the changes which took place in the Bank of Canada's accounts during 1950, on which it is customary to comment in this report.

NOTES IN CIRCULATION • The Bank of Canada note circulation at December 30th, 1950, was $1,367,421,841, an increase over the year of $59,997,695 as compared with an increase of $18,343,813 in 1949. In January, 1950, as provided by Section 61 of the Bank Act the Bank of Canada assumed responsibility for the remaining outstanding notes of the chartered banks issued for circulation in Canada. The amount involved was $13,481,920 and this accounted in part for the increase in our note circulation during 1950. Of the total amount of our notes outstanding on December 30th, 1950, $231.3 millions were held by the chartered banks and $1,136.1 millions by other holders. The increase in notes held by others than chartered banks in 1950 was $27.0 millions (after

allowing for chartered bank notes outstanding at December 31st, 1949).

INVESTMENTS • The Bank's holdings of Government of Canada and Provincial government securities were $1,941,798,158 at December 30th, 1950, having decreased by $67,432,908 during the year.

PROFIT AND LOSS • The net profit from our operations in 1950, after providing for contingencies and reserves, was $19,887,548.41. Payment of a dividend of $225,000 on capital stock held by the Minister of Finance left $19,662,548.41 available as compared with $20,442,378.11 in 1949. Under Section 31(c) of the Bank of Canada Act, the whole of this surplus was paid to the Receiver General and placed to the credit of the Consolidated Revenue Fund.

STAFF • The Staff of the Bank numbered 1,342 on December 30th, 1950, compared with 1,396 on December 31st, 1949. The decrease of 54 in the total number of our staff was somewhat more than accounted for on balance by a decline in the number of Foreign Exchange Control Board employees resulting from a further simplification in procedure which became possible during 1950.

I would like to express my appreciation to the staff for the high quality of service and co-operation throughout the year.

Yours very truly,

G. F. TOWERS, *Governor.*

NOTE

Appendices A, B & C which normally accompany this report have been omitted this year in order to avoid undue duplication with statistical tables contained in the January 1951 issue of the Bank of Canada Statistical Summary. In the case of several important items it is also possible to add 1950 figures to the Appendices contained in last year's annual report from statistics given in the text of this year's annual report.

STATEMENT OF ASSETS AND LIABILITIES

LIABILITIES

Capital Paid Up:		
Authorized and issued— 100,000 shares par value $50 each . .		$ 5,000,000.00
Rest Fund		10,050,366.82
Notes in Circulation		1,367,421,840.52
Deposits:		
Government of Canada	$ 44,378,082.01	
Chartered banks .	578,588,782.73	
Other . . .	207,052,610.55	830,019,475.29
Liabilities payable in pounds sterling, U.S.A. dollars and other foreign currencies:		
To Government of Canada	$ 133,538,559.97	
To Others . .	21,958.88	133,560,518.85
Dividend Declared:		
Payable January 2, 1951 . . .		112,500.00
All Other Liabilities		4,166,053.52
		$2,350,330,755.00

AUDITORS' REPORT • We have made an examination of the above statement of assets and liabilities of the Bank of Canada as at December 31st, 1950 and have received all the information and explanations we have required. We report that, in our opinion, it correctly sets forth the position of the Bank at December 31st, 1950 according to the best of our information and as shown by the books of the Bank.

Frank E. H. Gates, c.a., *of P. S. Ross & Sons.*

Maurice Samson, c.a., *of Chartré, Samson, Beauvais, Gauthier & Co.*

Ottawa, Canada, January 31st, 1951.

OF ASSETS AND LIABILITIES

• AS AT DECEMBER 31st, 1950

ASSETS

Foreign Exchange:		
Pounds Sterling and U.S.A. dollars — at market value .	$ 111,415,811.75	
Other currencies — at market value .	265,130.06	$ 111,680,941.81
Subsidiary Coin		408,038.53
Investments—at values not exceeding market:		
Short term securities issued or guaranteed by Government of Canada or any Provincial Government . .	$1,229,344,789.90	
Other securities issued or guaranteed by Government of Canada or any Provincial Government . .	712,453,367.74	
Other securities . .	247,888,525.53	2,189,686,683.17
Industrial Development Bank:		
Total share capital, at cost . . .		25,000,000.00
Bank Premises:		
Land, buildings and equipment — at cost less amounts written off . . .		5,081,069.04
All Other Assets		18,474,022.45
		$2,350,330,755.00

G. F. Towers, *Governor* H. R. Extence, *Chief Accountant*

PROFIT AND LOSS ACCOUNT

for the year ended December 31, 1950

PROFIT FOR THE YEAR ENDED DECEMBER 31, 1950, after making provision for contingencies and reserves		$19,887,548.41
APPROPRIATED AS FOLLOWS: Dividends for the year ended December 31, 1950, at the rate of 4½% per annum—		
No. 32 paid July 3, 1950 . .	$112,500.00	
No. 33 payable January 2, 1951 .	112,500.00	225,000.00
BALANCE TRANSFERRED TO THE RECEIVER GENERAL OF CANADA for credit to the Consolidated Revenue Fund		$19,662,548.41

BOARD OF DIRECTORS

•

G. F. Towers, C.M.G., *Governor*

J. E. Coyne, *Deputy Governor*

E. G. Baker, *Toronto, Ont.*

W. D. Black, *Waterdown, Ont.*
Member of the Executive Committee

G. G. Coote, *Nanton, Alta.*

N. A. Hesler, *Sackville, N.B.*

A. Stewart McNichols, *Montreal, Que.*

R. H. Milliken, K.C., *Regina, Sask.*

C. J. Morrow, *Lunenburg, N.S.*

A. C. Picard, *Quebec, Que.*

A. Pickard, *Charlottetown, P.E.I.*

H. A. Russell, *St. John's, Nfld.*

A. C. Taylor, C.B.E., *Vancouver, B.C.*

EX-OFFICIO

W. C. Clark, C.M.G., *Deputy Minister of Finance, Ottawa, Ont.*

OFFICERS

•

G. F. Towers, C.M.G., *Governor*

J. E. Coyne, *Deputy Governor*

L. P. Saint-Amour, *Assistant Deputy Governor*

D. G. Marble, C.B.E., *Secretary*

L. Rasminsky, C.B.E., *Executive Assistant to the Governors*

J. R. Beattie, *Executive Assistant to the Governors*

R. B. McKibbin, *Securities Advisor*

H. R. Extence, *Chief Accountant*

E. Metcalfe, *Auditor*

SECRETARY'S DEPARTMENT

D. G. Marble, C.B.E., *Secretary*

C. H. Richardson, *Deputy Secretary*

L. P. J. Roy, *Deputy Secretary*

L. F. Mundy, *Deputy Secretary*

Foreign Exchange Division: S. Turk, *Chief;* W. A. Cameron, *Deputy Chief*

Currency Division: C. E. Campbell, *Chief;* J. P. Melvin, *Deputy Chief*

Public Debt Division: M. G. Anderson, *Chief*

F. M. Peters, *Deputy Chief;* H. W. Thompson, *Deputy Chief*

RESEARCH DEPARTMENT

W. E. Scott, *Chief*

J. E. Howes, *Assistant Chief*

W. E. Duffett, *Assistant Chief*

G. S. Watts, *Research Officer*

S. V. Suggett, *Montreal Representative*

SECURITIES DEPARTMENT

H. G. Gammell, *Chief*

J. W. Grant, *Toronto Representative*

C. de V. Welsford, *Montreal Representative*

STAFF DEPARTMENT

P. D. Smith, *Chief;* Miss M. K. Rowland, *Deputy Chief*

AGENCIES

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	E. T. W. Davies, *Assistant Agent*
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